

## **Governor's Budget 2007-08: K-12 Education**

### **Budget Highlights**

- The Governor's Budget for 2007-08 fully funds the Proposition 98 guarantee and includes full funding for growth and COLA for K-12 schools.
- The Governor's Budget for 2007-08 proposes \$66.3 billion from all funding sources for K-12 education programs. This is an increase of \$2.8 billion or 4.4 percent over the revised 2006-07 budget.
- Total K-12 funding per-pupil proposed for 2007-08 is \$11,584, an increase of \$344 from the revised current year (2006-07) level. A decline in projected Average Daily Attendance (ADA) for 2007-8 results in a \$283.6 million reduction in revenue limit funding.
- The Governor's Budget proposes total Proposition 98 spending for K-12 schools and community colleges of \$56.8 billion, an increase of 3.3 percent over the revised current year total. The proposed Proposition 98 funding level for 2007-08 is \$10.1 billion or over 21 percent higher than when the Governor took office.
- The Governor's Budget proposes a \$1.9 billion increase to fund a 4.04 percent statutory cost-of-living adjustment (COLA).
- In addition, the budget proposes allocating a total of \$3.8 billion in state bond funding for K-12 school facilities during the 2007-08 fiscal year.

### **K-12 Education Initiatives**

#### **EnCorps: Addressing the Teacher Shortage**

- The budget proposes \$10 million to create the EnCorps Teachers program to add 2,000 experienced retirees to the teaching corps over the next four years.
- Professionals recruited by the EnCorps Teachers Program would be supported during the completion of the program by their current employer and use existing California teacher internship programs to acquire the skills needed to become effective instructional leaders.

#### **Expanding Career Technical Education**

- The budget proposes \$52 million for Career Technical Education (CTE) programs, an increase of \$32 million over the current year level. These funds, provided through the California Community College budget, would support activities including:
  - Expanding the number of academically rigorous CTE courses offered in middle schools, high schools, and community colleges;
  - Building stronger partnerships between the business sector and educational institutions;

- Planning and implementing CTE curriculum for emerging industries;
  - Expanding internship opportunities for students;
  - Establishing career exploration opportunities for middle school students;
  - Creating career-themed high schools; and
  - Establishing streamlined pipelines for becoming a CTE teacher.
- In an ever-evolving economy, Californians need multiple pathways to rewarding and productive careers.
  - This expansion will provide students with additional options and opportunities and help to meet the changing demands of California business and industry.

#### CTE Teacher Credentialing Reforms

- Currently, California has 175 different teaching credentials for CTE teachers reflecting very narrow occupational categories. This large number of credentials makes the credentialing process overly complex for both prospective teachers and school districts.
- To remedy this problem, the Administration will introduce legislation to streamline the CTE credential process. The proposal will reduce the number of CTE credentials from 175 to 15—replacing narrow occupational categories with broader industry sectors. This change will:
  - Incentivize entry into CTE teaching. Allowing CTE instructors to more easily move across subject areas will make CTE teaching a more viable professional choice.
  - Provide districts with added flexibility. Broader sector groupings will make it easier for districts to hire CTE teachers and expand CTE course offerings.
  - Create a more transparent and approachable credentialing process. As we attempt to recruit professionals from industry to bring their expertise into the classroom, it is essential that the credentialing process be user friendly.

#### Transparent School Site Information

- Over the past decade, the State of California has invested significant resources into collecting an ever-larger amount of data from school districts. From demographic data of students and teachers to student performance and financial expenditures, California school districts collect extensive data and make over 100 reports to the California Department of Education and other state educational agencies to meet state and federal reporting requirements.
- Even with the plethora of educational data collected by state agencies, there is a dearth of useful information tools for parents, educators, and policymakers to draw conclusions about the quality of schools and education in California.
- The Administration will seek to work with the Legislature, the Superintendent of Public Instruction, and other interested parties to redesign the School

Accountability Report Card to be more parent-friendly, provide more relevant district and site-level information, and facilitate comparison of schools.

#### California Program Improvement Management System (CalPIMS)

- The budget proposes \$1 million for a research-based, unified intervention system that will train school principals how to create data-driven action plans for turning around failing schools.
- Specifically, CalPIMS will optimize the ability of principals to:
  - Use assessment data to target areas for intervention,
  - Access up-to-date state and federal accountability requirements,
  - Use specific tools to respond to these requirements, and
  - Build action plans to accelerate student achievement.

#### Partnership for Success

- The budget proposes \$1.5 million for an initiative to increase the number of students academically prepared to succeed in college. These funds will support an innovative public-private partnership model that promises financial assistance for higher education costs to students who commit to completing a rigorous college-preparatory program.
- The Partnership for Success will provide grants to fund three partnerships between local school districts and a CSU campus.

#### Other K-12 Programs

##### CAHSEE Intervention Materials

- The budget proposes \$5 million for school districts to purchase individual intervention materials for students who have failed or are at risk of failing the CAHSEE. These materials will include customized, on-line tools to help students and teachers target remediation efforts.

##### Charter School Facilities Lease program

- The Governor's Budget proposes \$43.9 million for the Charter School Facilities Lease program. This program, which provides lease assistance to charter schools serving predominantly low-income populations, is designed as a reimbursement-based program and is currently funded at an annual level of \$9 million.
- Of the proposed funding, \$20 million will be used to address qualifying expenses from the 2006-07 budget year.
- The remaining \$23.9 million will be used to address qualifying expenses from the 2007-08 budget year, thus converting the program from a reimbursement basis to current year basis. This change will increase funding predictability for charter schools.

#### School Enrichment Block Grant

- The budget proposes \$50 million to fund the School Enrichment Block Grant. This block grant, first funded in the *2005-06 Budget Act*, supports local strategies to recruit and retain teachers and principals in low-performing schools.

#### Loans for National Forest Area Schools

- For several years, the federal government has provided financial assistance to local education agencies in national forest areas. Because a sunset in federal law was not extended, this financial assistance was not provided in the current year.
- In order to mitigate the short-term hardship for rural schools that have come to depend on this support, the Administration proposes \$69 million for short-term loans to affected local education agencies.
- It is our understanding that Congress intends to restore this funding early in the next session, so districts will be able to repay state loans in the budget year.

#### Data Systems

- Use of data is increasingly critical to implementing effective educational programs and setting effective educational policies. To help strengthen California's ability to harness educational data for these purposes, the Governor proposes strategic investments in continued development of two data systems.
- The budget proposes \$2.5 million in state and federal funding to support state-level activities necessary to implement the California Longitudinal Pupil Achievement Data System (CALPADS).
- In addition, the budget proposes \$1.1 million in federal funds to support continued development of the California Longitudinal Integrated Education System (CalTIDES). Funds will support related state-level activities at the California Department of Education and the Commission on Teacher Credentialing.

#### Chief Business Office Training

- The Chief Business Officer (CB) Training program was established as a Governor's initiative in 2005 to provide CBOs and CBO candidates with training in the knowledge and skills needed to successfully manage school district budget.
- The training, which is 200 hours in duration, addresses school finance, school operations, and leadership.
- The program is designed to train over 1,000 CBOs over a three-year span, with priority for participation given to school districts that have recently experienced fiscal distress. The *2005 Budget Act* provided \$1.1 million to fund the programs first 350 participants.
- The Governor's Budget proposes \$2.5 million to fund training for the 700 additional CBO candidates.

## **K-12 Cost Containment Proposals**

In order to help California close its structural imbalance without raising taxes, the Governor's Budget makes the following proposals:

- Home-to-School Transportation
  - The Governor's Budget proposes to shift the fund source of the \$627 million Home-to-School Transportation program from Proposition 98 General Fund to the Public Transportation Account (PTA).
  - This shift allows for the Proposition 98 guarantee to be rebenched downward, resulting in an ongoing General Fund savings of \$627 million.
  - This proposal would simply change the funding source for the Home-to-School Transportation program and would not result in a funding reduction to Home-to-School Transportation nor any other Proposition 98 funded program.
  - The PTA This proposal is consistent with the requirement that PTA spillover funds be spent for mass transportation purposes.
- Child Care Shift
  - The Governor's Budget proposes to increase Proposition 98 funding for CalWORKS Child Care by \$269 million.
  - This proposal does not result in a reduction to the CalWORKS program, nor does it reduce child-care benefits.
  - This proposal does not require that the Proposition 98 guarantee be rebenched as CalWORKS child care is already funded using Proposition 98 resources.
  - This proposal would result in General Fund savings of \$269 million annually.
- California State Teachers' Retirement System Purchasing Power Protection
  - The Supplemental Benefit Maintenance Account (SBMA) helps to protect the purchasing power for retired STRS members. When the purchasing power of a retiree has fallen below 80 percent of the purchasing power of the initial allowance due to price inflation, the SBMA supplements payments to the 80 percent level.
  - The SBMA is not a vested benefit, which means that if sufficient funds do not exist in the SBMA then supplemental payments may be reduced or suspended.
  - The state makes annual payments of 2.5 percent of teacher payroll to the SMBA to fund the account. Actuarial estimates indicate that funds in the

account are more than sufficient to maintain retiree purchasing power at the 80 percent level.

- The Governor's Budget proposes reducing the state contribution to 2.2 percent of teacher payroll. In exchange, the state would fully vest the purchasing power benefit at the 80 percent level, thus giving additional protections to retirees.
- This proposal would result in state savings of \$75 million annually.